



**California Workforce Investment Board
Performance Based Accountability
Committee
Agenda Packet**



**Tuesday
October 8, 2002
10:00 a.m. – 2:00 p.m.**

*Hilton Hotel
168 South Los Robles Avenue
Pasadena, California*



CALIFORNIA WORKFORCE INVESTMENT BOARD

Performance Based Accountability Committee



Lawrence Gotlieb
Chairman

Christine Essel
Vice Chair

Hilton Hotel
168 South Los Robles Avenue
Pasadena, CA 91101

October 8, 2002
10:00 a.m. – 2:00 p.m.

Gray Davis
Governor

Andrew Baron
Executive Director

Stated time of meeting conclusion is approximated; meeting may end earlier or later
subject to completion of agenda items and/or approved motion to adjourn.

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In order for the Committee to provide an opportunity for interested parties to speak at the public hearings, public comment may be limited. Written comments provided to the Performance Based Accountability Committee must be made available to the public, in compliance with the Bagley-Keene Open Meeting Act, §11125.1, with copies available in sufficient supply.

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Welcome and Opening Remarks

- **Victor Franco, Chair**
- **Paul Gussman, Deputy Director**

Approval of the April 25, 2002 PBA Meeting Minutes

**CALIFORNIA WORKFORCE INVESTMENT BOARD
PERFORMANCE BASED ACCOUNTABILITY COMMITTEE
April 25, 2002**

DRAFT MEETING SUMMARY

On April 25, 2002, the Performance Based Accountability Committee of the California Workforce Investment Board (State Board) convened at the Radisson Hotel in Sacramento. The following persons were in attendance:

COMMITTEE MEMBERS

Elvin Moon, Vice Chair
Michael Krisman
Ed King
Victoria Morrow
Suzanne Nobles
Luciana Profaca
Ron Selge

STAFF

Paul Gussman, Deputy Director
Deb Cusimano
Megan Juring
Beverly Odom
Pat Sherard
Kenneth Smith

Welcome and Opening Remarks

Vice Chair Elvin Moon welcomed committee members, staff, and guests. Participants introduced themselves and identified their affiliations.

Deputy Director Paul Gussman noted the staff is in the process of drafting a strategic plan based on the work done by the State Board at its February retreat. He suggested thinking of the strategic plan as an investment plan, and looking at performance measures in terms of return on investment.

Mr. Gussman said the State Board's Small Business Work Group sponsored seminars in Fresno and Long Beach to meet with small business owners and facilitate interaction with local one-stop centers. He noted employers expressed an interest in linking with the State Board to make better connections with educational institutions, K-12 schools, community colleges, Regional Occupational Programs (ROP) and adult ed programs, as well as with organizations that provide services and training to employees.

Mr. Gussman invited Ms. Megan Juring to provide a brief summary of the activities involving farmworkers. Ms. Juring said the State Board's Farmworker Work Group and the Department of Labor are co-sponsoring a series of workshops to solicit local community stakeholder input into issues of workforce preparation and development for farmworkers. The first Farmworkers Forum was held in Visalia on April 23, and additional sessions are scheduled throughout the state during the month of June.

Ms. Juring reported the State Board's Veterans Work Group held its first meeting of direct service providers and veterans advocates to discuss WIA activities, performance measures, access to services, and local board participation.

Mr. Gussman said the Board formed another group to focus on local areas, compliance, and other issues. He noted the State Youth Council recently held its second meeting. Mr. Gussman commented the Board has a number of groups working on important policy issues that have a direct connection to accountability.

Mr. Gussman reported that he and Mr. Michael Krisman have been participating in a group discussing the new Labor and Workforce Development Agency, and he asked Mr. Krisman to provide an update. Mr. Krisman explained that the Governor vetoed a bill last year to create a new Labor Agency and indicated he intended to consider using his executive powers to establish an agency. The Governor then submitted a proposal to the Little Hoover Commission, and after holding public hearings, that entity will be releasing a report with a recommendation in the near future. Mr. Krisman added that if the plan is not rejected, it would go into effect on July 1, 2002.

Mr. Krisman said the proposal calls for a new Labor and Workforce Development Agency comprised of the Department of Industrial Relations, the Employment Development Department, the Agricultural Labor Relations Board, and the California Workforce Investment Board. It is hoped that consolidating these agencies will bring related functions together and improve coordination of services and programs.

Ms. Victoria Morrow commented that the May budget revise may contain some recommendations pertaining to the establishment of the new agency.

Mr. Moon asked for clarification as to why the Governor vetoed the bill last year. Mr. Gussman responded that Governor Davis said he wanted more time to analyze the matter and seek input from the Department of Industrial Relations. He noted there is also a bill pending in the Legislature that would officially establish the agency.

Approval of December 13, 2001 PBA Meeting Minutes

A motion was made and seconded to approve the minutes as presented, and the motion was carried unanimously.

Fourth Annual PBA Report - New Format Approval

Ms. Pat Sherard discussed the State Board's latest improvements to the format of the Fourth Annual PBA report. She said the report will include an executive summary, overview chapter, program chapters, standard tables, and general information. She drew attention to the materials in the agenda packet for more details. Ms. Sherard reviewed the separate tri-fold formatted executive summary. Ms. Juring noted the individual program chapters will have more customized accountings of the program outcomes.

Mr. Gussman commented that larger print would be helpful. He has also emphasized with staff the importance of making the language clear and accessible for large groups of people.

Mr. Moon asked if the demographic information includes race and gender. Ms. Sherard said information on demographic characteristics is available at the office. Mr. Moon suggested including a summary in the report.

Dr. Luciana Profaca recommended making the report available in alternative formats such as Braille. Ms. Juring said the staff will be working with the Department of Rehabilitation to determine the most useful formats. She added they will also discuss improving accessibility of the Website format.

Mr. Krisman asked how the report will identify "standards necessary to meet the needs of employers for educated and trained workers." Ms. Juring noted the committee has not yet identified standards, but the next agenda item addresses that task. She said staff intends to contact local researchers that use performance-based accountability data to assess whether local outcomes are meeting the needs of employers. She added that the language in the draft executive summary will be revised and clarified.

Mr. Moon asked if the staff follows up to make sure agencies use the information. Ms. Juring noted another agenda item deals with this issue. She said staff will be working closely with partner programs to identify and find ways the system can better meet their needs. Mr. Gussman added the State Board has extensive anecdotal data, but no systemic analysis has been conducted to determine how the information is used. Ms. Juring noted that staff is working with the Employment Training Panel on their longitudinal study of trainee outcomes. In addition, Community College staff are working to identify CalWORKs participants who are attending community colleges through PBA and other data sources. Mr. Moon suggested looking at a more focused follow-up.

Ms. Morrow asked who would do the analysis of data. Mr. Gussman responded that the staff will work with the PBA Technical Assistance Work Team to further refine the analyses.

Criteria/Methodology to Establish PBA Standards

Ms. Juring introduced Ms. Jean Ross, Executive Director, California Budget Project, and Mr. Tse Ming Tam, National Economic Development and Law Center, to discuss self-sufficiency standards, local economies, and local employment issues as a background for developing a

methodology for establishing standards.

Mr. Tam discussed the self-sufficiency standard developed by the National Economic Development and Law Center. He explained that the self-sufficiency standard is used to determine the amount of income needed to pay for the costs of living without any form of public assistance. He noted the federal government uses a standard based on food consumption alone to determine poverty level and eligibility for public services. Mr. Tam said the self-sufficiency standard, on the other hand, takes into consideration the costs of food, housing, childcare, transportation, healthcare, taxes, and demographic differences.

Mr. Tam said the self-sufficiency standard is currently being used by the California Department of Social Services to determine eligibility criteria in local welfare departments. The standard is also used as a case management and counseling tool. Mr. Tam noted the Assembly Committee on Health and Human Services only a few days earlier approved AB 2586, a bill to extend the amount of time for a CalWORKS participant to take courses at community colleges and receive other training leading to self-sufficiency. In addition, he noted, some local areas like Santa Cruz, Pasadena, Sacramento, and Bay Area communities have adopted the self-sufficiency standard for their own programs; Alameda County is using the standard to design its post-employment service system. Mr. Tam said the self-sufficiency standard is being used in 23 states and a number of major cities nationwide. He added the self-sufficiency standard is useful for a wide range of purposes, including client case management, wage adequacy, benefit counseling, and long- and short-term career planning.

In terms of possible uses for the PBA Committee, Mr. Tam noted the self-sufficiency standard could help establish a framework for evaluating data about wage gain, enrollment, and retention. He proposed that the PBA Committee use the self-sufficiency standard as a benchmark for assessing which programs are moving individuals toward that goal.

Mr. Tam recommended conducting a baseline study the first year to identify people's current earnings against self-sufficiency standards, and then establishing benchmarks the second year for guiding future progress.

Ms. Ross provided an overview of employment trends in California. She noted that the occupations with the highest predicted job growth in California are those that pay less than \$10 per hour and require short- or moderate-term training. Although median incomes rose during the recent economic expansion, the number of working poor increased. Ms. Ross pointed out that income earnings increased overall in recent years, but people actually earned less per hour. She noted her written report provides more details about job growth by county.

Ms. Ross said the California Budget Project developed a standard for determining the income levels needed for a basic family budget. The budget takes into account regional labor market conditions, cost-of-living expenses, and household types. Ms. Ross noted typical housing costs vary considerably by region, as do costs for childcare, health care, and other basic services.

In terms of workforce investment implications, Ms. Ross noted scarce public dollars should be spent in the best way to provide an incentive to boost job growth in California, especially for

higher-wage jobs. Ms. Ross encouraged the PBA Committee to set a high standard to target programs to jobs that effectively move people into employment they can retain. She suggested focusing investment on programs that produce relative increases in earnings, earnings that prepare workers to earn a living wage and retain employment. Ms. Ross noted vocational training might be a more productive focus than education.

As a historical reference, Ms. Ross said the California Industrial Welfare Commission developed a self-sufficiency standard or basic budget in the late 1950's as a way of setting the minimum wage. Since that time, self-sufficiency has been used as a standard for assessing the adequacy of the minimum wage. She again encouraged the PBA Committee to set high standards and worthwhile goals.

Mr. Moon recommended incorporating factors such as gender, ethnicity, and disabilities in the self-sufficiency formula. Ms. Juring noted that once the PBA Committee establishes standards, the staff would be able to track information by industry and individual characteristics. Ms. Ross said the CalWORKS and the community colleges have made good use of demographic data in targeting their programs.

Mr. Moon asked about the effects of the September 11 terrorist attacks on the labor market. Ms. Ross said California's recession started earlier, with the downturn in the high-tech industry. She acknowledged September 11 had some impact and will make it more difficult for people trying to enter the workforce.

Mr. Gussman observed the Department of Rehabilitation's emphasis is shifting from entitlement to inclusion, and there is increasing interest on keeping people employed. Mr. Tam said the self-sufficiency standard has actually been the impetus for discussions around the concept of inclusion. As an example, he noted, Delaware County, Pennsylvania, has used the self-sufficiency standard to create a "human resource package" that describes services and programs for which participants may be eligible.

Ms. Morrow asked Ms. Ross to elaborate on her remark about vocational training versus education. Ms. Ross clarified that education is still the best route to high-paying jobs; she added that many employers use education rather than skills as a way of screening prospective employees.

Ms. Morrow questioned how the self-sufficiency standards could be used by the California Workforce Investment Board. Mr. Gussman responded that the staff would like an opportunity to research the concept and look at what other states have done. He noted the State Board has authority to institute a new performance measure if it chooses.

Mr. Krisman questioned the State Board's authority to issue new regulations. He noted WIA authorizes the use of self-sufficiency standards, but only for incumbent workers. Mr. Krisman recommended a legal analysis to determine if the PBA Committee, under SB 645, has authority to adopt new standards. He asked for input from staff and service providers as to the impacts of the new standards on existing programs and standards. He pointed out that a uniform standard may not be appropriate for all programs, especially those serving populations with special needs.

Mr. Krisman said he would welcome information from programs that are using self-sufficiency standards now.

Mr. Gussman clarified that the self-sufficiency standards themselves are not necessarily measures, but possibly goals toward which progress is measured.

Ms. Suzanne Nobles said the California Department of Social Services sent information on the self-sufficiency standards to local county welfare offices, and some offices are using the standards as a case management tool. Ms. Nobles expressed concern about using some standard other than the national poverty level, which is readily understood and accepted by researchers. She noted the standard also needs to take into consideration the incremental steps in obtaining a job, working and moving up, and developing a career. Ms. Nobles also questioned the administrative complexity of having 58 different self-sufficiency standards in California.

Dr. Profaca asked how the standards would impact individuals with special needs and the costs associated with those special needs in terms of achieving self-sufficiency.

Ms. Juring noted that at the December meeting, the PBA Committee agreed that the standards should take into account regional differences in costs and earnings as well as different target populations. She said the two examples discussed at this meeting were the beginning steps in the process of developing standards.

Ms. Juring said she would provide committee members with the section of the Unemployment Insurance Code regarding setting standards. She said the committee also looked at the conventional standards of the poverty line for three-person families, the minimum wage, and the average manufacturing wage.

Committee members concurred they would like more information from local areas using self-sufficiency standards in their workforce investment activities.

Mr. Krisman recommended holding a public hearing in the future to solicit more input.

Mr. Moon invited two audience members to speak on this issue.

Mr. Richard Morales, Director of Sector Development, Farm Workers Institute for Education and Leadership Development, expressed support for a performance-based accountability system with locally-defined criteria that recognizes specific industries. He noted this is especially important for the agricultural industry in southern San Joaquin County. Mr. Morales thanked the California Workforce Investment Board for initiating its farmworker forums as a way of identifying agricultural employment needs.

Mr. Morales cautioned that efforts should not be focused on retraining agricultural workers to work in other industries. He recommended training within agriculture to develop a highly skilled and more competitive workforce. He noted the Employment Development Department recently released a document indicating migrant seasonal farm workers are not automatically

excluded from Title 1-B dislocated worker funding. Mr. Morales expressed appreciation to Mr. Steve Malliaras, Department of Labor, for this effort and offered to share data with interested agencies.

Ms. Mahnoush Harirsaz, Accounting Supervisor, Metropolitan Education District, explained that her district oversees a ROP and adult ed program. She reported that she collected and submitted PBA data to the state, but when the state report was released, it showed her district served only 700 people instead of 9,000 people. She noted the discrepancies were caused by limiting the count only to those people who signed a consent form. Ms. Harirsaz said she was bringing this issue to the committee's attention so the state would be aware the numbers were not accurate.

Mr. Moon thanked Mr. Morales for his remarks. He asked the staff to meet with Ms. Harirsaz later to follow up on her concerns.

Mr. Gussman said the staff will be looking at the content of the standards as well as the process of marketing the standards to the service providers.

Lunch Program - TANF Reauthorization Presentation

During lunch, Ms. Nobles provided an overview of current activities at the state and federal level with respect to the reauthorization of the Temporary Assistance to Needy Families Reauthorization (TANF). She said the Department of Social Services is closely watching the progress of a number of federal bills. Ms. Nobles noted major aspects of President Bush's proposal include a change in participation hours, up to a 40-hour workweek to be eligible for benefits. Of the 40 hours, 24 are to be spent in direct work activities, and 16 in other activities such as education, training, and counseling. The Bush proposal also contains an engagement requirement, or a self-sufficiency plan for each family. Ms. Nobles added the state is still looking at the possible implications of this proposal and others on California's programs.

Mr. Gussman asked about the Bush "superwaiver" provisions. Ms. Nobles said the Department of Social Service's interest so far has been primarily on the participation requirements. Mr. Gussman noted he would try to obtain information on "superwaiver" provisions for committee members.

New PBA System Progress Report

Mr. Kenneth Smith reported on the progress of the feasibility study on the redesign of the performance-based accountability system. Mr. Smith said all components of the feasibility study have been completed, except the Information Technology Procurement Plan, part of a new process being implemented by the Department of General Services as of January 2002. He noted the new process requires interviewing vendors and conducting market research analysis before the selection of a vendor.

Mr. Smith said the new IT procurement requirement has to be merged into the feasibility study. He noted the feasibility study is looking at data warehousing technology, so the staff has been working to refine details of the proposal to comply with the new procurement requirements.

Mr. Smith discussed how data warehousing technology can be used to process information, share data among various users, manipulate data, and prepare customized reports. He noted the meeting packet contains information on market research and prospective vendors. Selected vendors will be asked to provide cost estimates for meeting all specifications. Mr. Smith said vendors must have the ability to partner with groups that have researchers familiar with educational data; he emphasized experience with education research and data is critical to an accurate analysis.

Dr. Profaca asked how confidentiality and privacy issues will be addressed. Ms. Juring responded that confidentiality and privacy are currently handled through interagency agreements with each program.

Workforce Investment Act (WIA) Performance Update

Ms. Deb Cusimano noted that at the December meeting, the PBA Committee asked about the reasons for California's poor performance on credential and diploma rates, and the staff explained discrepancies in the measuring methodologies and time periods. She reported that more recent data shows a significant improvement in youth diploma rates for the year 2000, and credential rates for adult, dislocated workers, and youth for the second quarter of 2001 have also improved. She noted if these updated figures had been used in the 2000 annual report, California would have exceeded its targeted goals in these areas. Ms. Cusimano said an addendum to the annual report will be sent to all recipients so they are aware of the latest information.

Mr. Todd Yamamoto, Department of Labor, San Francisco Regional Office, provided an update regarding the latest developments in terms of reporting and measuring labor exchange services and services to veterans. He noted the changes reflect the increased emphasis on coordinating services and measuring performance. Mr. Yamamoto said the Wagner-Peyser Act of 1933 contained no performance measures, but the new amendments and the WIA tie the labor exchange, veterans, and WIA adult services together.

Mr. Yamamoto said the Wagner-Peyser Act amendments include performance measures, a reporting system, and performance goals. He noted the new labor exchange measures cover employment rate, retention rate, job seeker and employer customer satisfaction; the measures for veterans are employment rate, retention rate, and an entered employment rate following receipt of services. Mr. Yamamoto pointed out the Wagner-Peyser amendments and the WIA measures both look at employment and retention outcomes, and both programs rely on Unemployment Insurance wage record information.

Mr. Yamamoto reviewed key implementation milestones for the new labor exchange and veterans measures. He provided directions to resources on the Web and offered to answer committee questions.

Mr. Krisman asked about the status of the proposal to move the veterans program from the Department of Labor to the Department of Veterans Affairs. Mr. Yamamoto responded that he had no information to report on the proposed move. He added the transfer would not affect implementation of the new veterans performance measures.

Mr. Gussman said the State Board has been hearing stories of businesses going bankrupt, leaving employees behind without transferable skills. He asked how transferable skills are addressed in the performance measures. Mr. Yamamoto acknowledged that transferable skills were important, but he said DOL was moving forward one step at a time, and the labor exchange and veterans performance measures represent the first part of an ongoing process.

Further Business

Ms. Juring distributed copies of Unemployment Insurance Code Section 15037.1, pertaining to the development of performance standards. She noted there was public testimony earlier about considering industry and local area factors as well. Ms. Juring said she would contact committee members individually for their input before the next meeting.

Next Meeting

Committee members agreed to hold the next meeting in Los Angeles in June or July. Mr. Moon requested the staff to poll members as to their availability and then notify everyone of the actual date.

Adjournment

Mr. Moon thanked committee members, staff, and audience members for their participation. There being no further business, the meeting was adjourned.

Central Valley Universal Service Tracking Pilot

Central Valley Universal Service Tracking Pilot

Ms. Kathy Johnson of the Tulare County Workforce Investment Board (WIB) and Mr. John Delmetier of Proteus will provide an overview of a California Workforce Association Central Valley Regional One-Stop Community and federal Department of Labor (DOL) Universal Service Tracking System Pilot currently underway in California's Central Valley. This data collection and tracking system pilot is in response to some of the issues expressed in this past year's discussion of Workforce Investment Act (WIA) related budget hearings and reauthorization. This pilot is intended to address the larger problem of incomplete data on One-Stop operations in the areas of services to non-registered participants, inconsistent data across programs and workforce boards and the need to fully assess customer or cost data to improve management of government programs.

BACKGROUND:

The reauthorization of WIA has brought forth several issues one of which is improved program performance. The current federal administration has formed a President's Management Agenda to improve the relationship of performance measurement and management in workforce development programs. This agenda strives to integrate budget and performance. It supports using performance data in budget decisions to manage effective programs, and to rate programs across multiple agencies including the development of common performance measures as a strategy.

A primary issue that impedes effective integration of performance and budget is incomplete and inconsistent data on One-Stop operations. In response to this issue, the USDOL Employment Training Agency (ETA) commissioned Mathematica Policy Research to study service utilization in One-Stops. The pilot survey found that there are many gaps in data collected by workforce investment boards, and data are not comparable across workforce boards. The attached provides more detail on this initiative. The Central Valley Universal Service Tracking System Pilot represents California's attempt to support improved data in the One-Stop System.

In response to the need to rate programs across multiple agencies, the Office of Management and Budget has initiated discussion on creating a common set of measures for federally funded workforce development programs. Attached is more information on this initiative. The information is current as of this Fall 2002, but may change.

Reauthorization of the WIA has brought forth the following principles:

- **Need for Greater Responsiveness to Employers** – increase business use of the public workforce system; simplify means to develop partnerships with business
- **Clarify Roles for Federal, State, Local Levels** – simplify governance structure; empower states to use WIA resources as an economic development tool; increase flexibility to shift funds based on need; increase focus on grant integrity
- **Improved Program Performance** – establish a core set of performance measures; create common definitions and reporting requirements
- **Individualized Opportunities for Training** – simplify Eligible Training Provider requirements; encourage co-enrollment among programs; expand use of Individual Training Accounts
- **Improved Youth Programs** – improve access to youth services through One-Stop Centers; improve links to community services and jobs; improve opportunities for out-of-school youth

Improved program performance is also one of the focus points of the President's Management Agenda.

President's Management Agenda

The agenda's purpose is to improve the management of government programs by focusing on five areas of management weakness in the federal government and its programs. These include: Human Capital Management, Competitive Sourcing, Improved Financial Management, E-Government, and Integration of Budget and Performance. The integration of budget and performance is of special interest to the Performance Based Accountability Committee.

Effective integration of budget and performance information allows professionals to:

- Use performance data in budget decisions,
- Support effective programs, and
- Use performance data to rate programs across multiple agencies. Development of common performance measures is one strategy currently under discussion.

One of the Primary Issues impeding the effective integration of budget and performance is that data on One-Stop operations are incomplete.

For example:

- USDOL Employment & Training Administration cannot provide Congress with customer or cost data on One-Stop operations,
- The full value of WIA funding of *services to non-registrants* is not recognized, and
- The data gap could affect future funding.

The President's Management Agenda and issues of incomplete data in One-Stop operations have led to two related initiatives:

1. Need for One-Stop customer service and cost data for performance-based budgeting
2. Plans to implement common performance measures across workforce programs

California's *Central Valley Universal Service Tracking Pilot* is a response to the first initiative – a need for more complete One-Stop customer, service and cost data.

Initiative #1 - Need for One-Stop Data to Support Performance Based Budgeting

The ETA contracted with Mathematica Policy Research (MPR) to study One-Stop service utilization in program year 2001. The study focused on the proportion of One-Stop customers who were registered WIA participants served by WIA funds and the proportion of non-registered participants served under WIA and Wagner-Peyser. A total of 78 Workforce Investment Boards in five states responded to the pilot study.

Assessment/Findings Based On MPR Study

- Standardized data generally not available (many gaps in data collected by WIBs; even when collected, WIBs use different approaches; data are not comparable across WIBs)
- Majority of services (and funds) are for non-registrants; very low proportion of One-Stop customers are registered in WIA (5-10%) – although WIA funds about 60% of resource room costs; higher percentage of One-Stop participants registered in Wagner-Peyser (70-80%)
- WIBs reported different levels and approaches to tracking One-Stop customers
- 37% of WIBs reporting tracked all One-Stop customers (some track through Wagner-Peyser, some through their own systems)
- 41% track *some* One-Stop customers and 22% do not track One-Stop customers
- 32% of WIBs used electronic tracking, while 41% used paper tracking
- Cost data are more difficult to track (primary issues are knowing/allocating partner costs and tracking staff time)

Conclusion

- Tracking efforts currently exist, and many WIBs expend considerable effort to track customers/services (but the data cannot be used beyond the local area in most cases).
- If this effort were more standardized, it would provide ETA with needed information.

Initiative #2 - Plans to Implement Common Performance Measures Across Workforce Programs

The Office of Management & Budget (OMB) has proposed a new set of common performance measures for federally funded workforce development programs. The following outlines the current proposal as of the Fall 2002 but may change. The programs included in the proposal are:

- Department of Labor/ETA (17 programs)
- Department of Education (10 programs)
- Department of Health & Human Services
- Veterans' Administration
- Department of Housing & Urban Development
- Department of Interior – Bureau of Indian Affairs

OMB and other agencies are discussing the creation of a set of common measures. These measures include 4 adult measures and 4 youth measures. However, these measures are not necessarily system measures, but common measures.

ADULT Measures

1. Entered Employment
2. Employment Retention
3. Earnings Increase
4. Efficiency*

YOUTH Measures

1. Placement in Employment or Education
2. Attainment of a Degree/Certificate**
3. Literacy and Numeracy Gains
4. Efficiency*

* Divide annual program costs by annual participants (who receives a service)

** Of those not in education after exit (Labor/Education will define what is acceptable)

Note: Based on MPR study, current WIA registration policies (few registrants) would increase cost per participant.

Notes:

The publication of a White Paper on WIA Reauthorization is expected in the Fall 2002.

Information contained in this attachment was provided by the US Department of Labor, Region Six Office.

For more information on these initiatives, visit the www.whitehouse.gov, and link into the Office of Management and Budget.

Performance Based Accountability (PBA) Standards

Attachment – Benchmarks and Earnings Measures for PBA

Performance Based Accountability(PBA) Standards

California Workforce Investment Board legal counsel, Ms. Windie Scott, will provide an analysis of the PBA Committee's authority to adopt standards for the PBA system. PBA Committee staff and performance information consultants, Dr. Dan Blake and Dr. Richard Moore, will discuss their study on benchmarks and earnings measures relevant to the PBA system and development of PBA Standards. A memo delineating various alternatives for benchmarks useful to the PBA system is attached for your review.

Staff will ask Committee members for feedback on the various benchmark alternatives in order for staff to continue working on the next steps in the process. Next steps would entail (1) development of a detailed proposal for utilizing the benchmarks including defining regions for the PBA system, and (2) conducting public hearings on impacts of the recommended benchmarks on PBA programs' existing performance standards.

BACKGROUND:

At the April 25, 2002 meeting, PBA Committee members discussed criteria and methodologies to consider for use in establishing PBA standards. Members heard speakers from the National Economic Development and Law Center and the California Budget Project on the benefits of using self-sufficiency standards, local economies and local employment issues as a background for developing a methodology for establishing PBA standards.

PBA Committee members requested additional information on the use of self-sufficiency standards in other states and in California. Members also requested further clarification of the PBA Committee's authority to adopt standards for the PBA system. PBA staff commissioned experts to explore various benchmark alternatives, including local self-sufficiency standards, and to provide a recommendation on benchmarks most appropriate for the PBA system.

TO: Performance Based Accountability (PBA) Committee

FROM: Daniel R. Blake and Richard W. Moore

SUBJECT: Benchmarks and Earnings Measures for PBA

Overview

The PBA Committee has requested that we review potential new benchmarks to be used in interpreting earnings data produced by the PBA System, and to examine the potential for new earnings measures based on these benchmarks. The purpose of the analysis is to provide benchmarks that consider "regional differences in costs and earnings as well as different target populations of various workforce preparation programs." In this memo we present the results of our preliminary investigation, and pose four alternatives for the Committee's consideration.

Approach

As part of our investigation we completed the following activities:

- Reviewed published documents on measuring poverty and earnings,
- Interviewed WIA officials in other states to see what practices they were using to benchmark earnings and construct performance data,
- Reviewed earnings and cost of living data available at the local and regional level in California.
- Reviewed benchmarks used by several local WIA areas in California.

The Current Situation

Currently the PBA system produces four post training earnings measures, which are benchmarked against four state level measures:

- Average Manufacturer's Wages (annualized assuming full-time employment)
- Minimum Wage (annualized assuming full-time employment)
- Poverty Line (3 person household)
- Poverty Line (1 person household).

The current benchmarks are widely recognized measures of earnings (minimum wage and manufacturing wage) and cost of living (poverty line). The purpose of the benchmarks is to bring some perspective to the earnings and the various changes in earnings measures. In a sense these benchmarks answer the question "how much is a lot and much is a little?" in regard to earnings. For example, if someone is earning under \$12,000 it is more than the equivalent of working full-time at the minimum wage but less than the poverty line for a 3-person household. If someone is earning more than \$28,000 it is more than average manufacturing wage, and generally considered to be a "good job".

These benchmarks have been criticized on several fronts. First, California is a large state and the cost of living varies substantially from one region to another, hence earnings that may support a middleclass lifestyle in one place may be near poverty level in another location. Second, some have questioned why use the average manufacturing wage if the majority of jobs are now outside manufacturing. Finally, the federal poverty line has been criticized for being a gross under estimation of the real cost of supporting a family.

Some other important constraints to consider when analyzing the issue is the character of PBA data. PBA data is based on individual characteristics (as measured while in a program) and individual earnings before and after service. No household structure data (such a number of children) are collected in the PBA system. The only income data collected in the system are individual earnings; there is no data on support from government programs, child support payments or other sources. Further, it is not always possible to identify where, geographically, participants are. For example, the Employment Training Panel does not currently submit a geographical identifier to the PBA system, neither does the Employment Development Department's (EDD) Job Service (although such an identifier could be added). In other cases, such as California Community Colleges, the system knows where someone is enrolled but does not know if they relocated after leaving the system. This complexity and the potential error created by mis-assigning a regional benchmark to individuals is another constraint.

Alternatives

Here we present four alternatives for the committee's consideration with brief summaries of the pros and cons and each alternative.

Alternative 1: Keep current benchmarks: manufacturing wage, minimum wage, and poverty line for household of one and three.	
Pros	Cons
<ul style="list-style-type: none">• Consistent with past reports and allows comparisons.• Well known measures of earnings and living costs.• Easily available and updated annually.	<ul style="list-style-type: none">• Does not account for regional variation in costs and earning.• May underestimate real cost of supporting a household.• Most workers are employed outside manufacturing and manufacturing wage may not be relevant.• Uses household cost data in comparison with individual earnings data.

Alternative 2: Use the "Self- Sufficiency Standard for California"¹.

This standard could be used with earnings benchmarks, just as the poverty line is now used with the manufacturing and minimum wage. While benchmarks are developed for a large number of household types, one or two typical households (such as one parent two children) would need to be chosen to serve as a benchmark.

Pros

- Provides a measure of household costs that is inclusive, and varies by family structure and age of children.
- Includes estimates of other government subsidies.
- Generates data at the county level and allows local benchmarks.
- Use is growing nationally in workforce development policy and counseling.

Cons

- To benchmark individual trainees accurately, need to know household structure and track it overtime.²
- Is not regularly updated, current data is for 2000.
- Calculation uses measures some experts consider high.³
- Will require substantial changes in PBA database and reporting to have many local benchmarks.

Alternative 3: Use adjusted poverty line data.

The federal poverty line data could be adjusted for local conditions--at the county or regional level-- by using data on housing costs

Pros

- Keeps the familiar poverty line benchmark, but adjust it to create a local indicator.
- Based on an "official" measure of poverty.
- Easily updated each year.

Cons

- Still compares household costs with individual earnings.
- Requires on-going costs and work to create the measure.
- Will require substantial changes in PBA database and reporting to have many local benchmarks.
- May not be possible for all participating agencies, if they lack a geographic identifier.
-

¹ Pearch, Diana and Brooks, Jennifer *Self-Sufficiency Standard for California*, Californians for Family Economic Self-Sufficiency and Equal Right Advocates, November 2000

² Data on households needed includes, number of adults, number and age of children, income of other adults, and how household membership and children's ages change over time.

³ For example the calculation sets the cost of childcare at the 90th percentile. Indicating that to earn a self-sustaining income you need be able to afford childcare that is priced higher than 90% of the childcare in the market.

Alternative 4: Use EDD's "Occupational Employment and Wage Data" ⁴ to establish a band of earnings between the 25th and 50th percentile to create regional benchmarks.

The data set has the 25th, 50th and 75th percentile measures of hourly wage for all occupations in a given county or region. Earnings appear to reflect regional variations in the cost of living. For example, in Imperial County the 25th percentile is \$6.99 per hour (annualized \$14,539) median hourly wage is \$11.21 (annualized \$23,316), in Ventura County the 25th percentile is \$8.48 (annualized \$17,638) the median is \$13.06 (annualized \$27,164).

To reduce complexity the state could be divided into four or five regions and the benchmarks calculated by weighing county data by population. This would help account for the mobility of program leavers, as the benchmarks would be valid as long as they stayed in the region.

Pros

- Available for entire state at regional level.
- Covers all industries and wage occupations.
- Fits with PBA's selection of the median annual earnings as key measure.
- The band creates a range into which the earning of most program leavers could be expected to fall.
- Individual data to match PBA's individual earnings data.
- Easily available and updated annually. By EDD, no adjustments needed.
- Also available at the state level.

Cons

- New earnings measure that users are less familiar with.
- Only infers differences in cost of living not an actual cost of living measure.
- Will require substantial changes in PBA database and reporting to have many local benchmarks.
- May not be possible for all participating agencies, if they lack a geographic identifier.

These alternatives are not mutually exclusive. The Committee could choose to use the percentile wage data, and use an adjusted Poverty Line measure. Or the Committee could choose to keep the existing minimum wage and manufacturing wage measure and add the "Self Sufficiency Standard".

As part of our analysis we contacted several other large states to see what they were doing in the area of benchmarking performance, or creating additional performance measures. We found several states, Colorado, Pennsylvania, and Illinois, which are reviewing the Self-sufficiency standard, and in some cases using it as a counseling tool. But we did not find any states that used the self-sufficiency standard as a benchmark for measuring performance.

To create new measures that show how close participants are to self-sufficiency, the system would need to collect both household structure and household income. While a

Data are available from EDD's Labor Market Information Division at [www.calmis.cahwnet.gov/file/occup\\$/oes wages/cal\\$oes2001.htm](http://www.calmis.cahwnet.gov/file/occup$/oes%20wages/cal$oes2001.htm)

few agencies have this data, most do not. Hence moving towards a measure of this type would be a long-term project for both participating agencies and the PBA system as a whole.

Recommendations and Next Steps

We believe that local and regional measures add substantial value to the system. We suggest two concrete steps.

1. We recommend the committee choose "Option 4" the regional 25th and 50th percentile band as a benchmark and use no other benchmarks. While the PBA system is expanded to include a regional identifier, a first step could be taken by using the statewide 25th and 50th percentile measures as a benchmark in the next year's report. This would begin to familiarize readers with this benchmark.
2. Develop a detailed proposal for the logistics for (a) attaching a regional identifier to each participant at the agency level for reporting to PBA (b) adding a regional earnings benchmark to reports. This would include defining regions that make up logical labor market areas, such as metropolitan San Francisco, the Central Valley, etc.

Lunch Program – Southern California Regional Performance Excellence Forum

The Southern California Regional Performance Excellence Forum (SCRPEF) is a performance excellence collaboration open to all federal, state and local workforce development professionals. Quality Coordinators from local workforce investment boards in Southern California established the SCRPEF to enhance sharing of performance excellence strategies. The SCRPEF mission is to provide a forum for regional collaboration to share best practices, build capacity, and provide resources to assist California's local workforce investment areas in implementing performance excellence strategies.

Today we will hear from the current SCRPEF Chair, Mr. Gary Flaxman from Long Beach Workforce Development Bureau and the SCRPEF Vice Chair, Ms. Julie Elizondo from Orange County Workforce Investment Board.

Fourth Annual PBA Report Status

Fourth Annual PBA Report Status

The review of the Draft Year Four Report of California's Workforce Preparation Programs is underway. The Franklin Hill Group, the vendor under contract to operate the California Performance Based Accountability (PBA) System, has completed the draft of the Program Chapters, Overview and Appendix. State Board Staff have reviewed the Chapters and provided comments. Once these comments are incorporated, the Chapters will be sent to the Program Partners who will then have eight weeks to review the Chapters. The Vendor will draft the Executive Summary based on comments from the Technical Work Team. Edits are expected to be made to the Program Chapters and provided to the Program Partners over the next two weeks. The Year Four Report will likely be published by the end of February 2003.

Next Steps:

- State agency representatives will review their draft chapters and provide comments. Each Program Partner can "customize" their chapter to meet their specific needs.
- Board staff will be working with the Peer Review Committee, a panel of experts, on the final draft over the next month.
- Extend the Franklin Hill Contract to February 2003 to allow the vendor time to finalize the Year Four Report.
- Extend the PBA reimbursable Program Partner Contracts through June 30, 2003 to allow time to process the final invoices with the Vendor.

New PBA System Progress Report

New PBA System Progress Report

The California Workforce Investment Board's Performance Based Accountability (PBA) Committee is redesigning the existing PBA system. The goal of the redesign is to integrate and manage enterprise data from a multitude of sources, utilizing a scalable, extensible, high performance platform with an open architecture.

Members of the Technical Work Team completed the review of 11 responses to the Request for Informal Market Research (RFI) from the vendor community. The data from these reviews will be incorporated into the formal Request for Proposal (RFP) to choose a vendor for the redesign of the PBA system.

Three of the eleven vendors who responded to the RFI are certified small business vendors. Some of the small vendors do not necessarily have the required technology to redesign the system on their own, so they have proposed innovative methods of partnering with larger technological corporations to ensure the success of the project.

The eight vendors who represent big business all have a proven track record in the establishment of Data Warehouses throughout the United States and abroad. Approximately, half of all the vendors responding have had extensive experience working with various Departments in the State of California. The majority of them are very well versed on issues related to PBA and the Workforce Investment Act.

Each vendor applied a unique perspective to address the complexity of integration of data from multiple data sources. The respondent's costs of solution ranged from \$600,000 to \$5 million. All vendors who submitted a written RFI for initial review will receive an opportunity to compete in the final selection RFP process.

Effective September 12, 2002, the Department of Finance (DOF) released Management Memo 02-20 (attachment 1), which instituted a new process for technological processes in the State of California due to the demise of the Department of Information Technology. This new policy changes existing formats of feasibility study reports of the future and those currently in process.

Highlights of the most notable changes as they affect the PBA redesign project are:

- Change in the methodology for Risk Assessment Planning and Reporting.
- Information Technology Procurement Plan (ITPP) is no longer a required component of the Feasibility Study Report, and therefore not an item that must be submitted to the Department of Finance.
- The Department of General Services (DGS) requires the ITPP as a separate report to their Procurement Division after or when the FSR is submitted to the DOF for approval.

- Major amendments to the State Administrative Manual relative to all IT policies and procedures, such as;
 - Changes in reportable projects
 - Projects requiring Budget actions
 - Projects involving new system development or acquisition
 - Increased usage of the Special Project Request process
 - Revised procurement approach and policy

The final process steps involve making changes as indicated above and securing project approval from the control entities (Department of Finance, Department of General Services, and the Legislative Analyst's Office). The timeline for clearance varies based on the control entities' schedules and can take anywhere from 10 to 90 business days. The Request for Proposal will be sent to the vendors who participated in the original RFI process, when approval of the FSR is complete. The goal is to employ a systems integrator on the redesign effort in January 2003.

Any Further Business that May Come Before the Committee